

## Message Text

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53

ACTION AID-59

INFO OCT-01 EA-07 ISO-00 EB-07 L-03 IGA-02 SS-15 SP-02

INR-07 CIAE-00 DODE-00 /103 W  
----- 104812

P R 301249Z JAN 76

FM AMEMBASSY BANGKOK

TO SECSTATE WASHDC PRIORITY 7568

INFO AMEMBASSY JAKARTA

C O N F I D E N T I A L BANGKOK 2091

E.O. 11652: GDS

TAGS: EAID, TH

SUBJECT: FY 1976 P.O. 480 TITLE I PROGRAM FOR INDONESIA

REF: A. STATE 021463; B. JAKARTA 729

1. EMBASSY FULLY APPRECIATES REASONS FOR MOUNTING PRESSURES  
IN U.S. FOR PL 480 RICE SALES.

2. RTG HAS JUST SIGNED CONTRACT WITH GOI FOR 100,000 METRIC  
TONS OF WHITE RICE, 15 PERCENT BROKEN, AT FOB \$220 PER METRIC  
TON. DELIVERY WILL BE MADE FROM FEBRUARY THROUGH MAY 1976.

3. RTG WILL BE HAVING ANOTHER ROUND OF NEGOTIATIONS WITH THE  
GOI IN MARCH AND HOPES TO SELL AT LEAST ANOTHER 100,000  
METRIC TONS. OBVIOUSLY, WITH AN ESTIMATED 2 MILLION METRIC  
TONS OF RICE AVAILABLE FOR EXPORT IN 1976 THAILAND WOULD LIKE  
TO SELL EVEN LARGER QUANTITIES TO INDONESIA. RTG WILL BE  
PREPARED TO OFFER EXTREMELY ATTRACTIVE CONTRACT TERMS FOR  
LARGE VOLUME GOVERNMENT-TO-GOVERNMENT SALES. RTG WOULD  
THEREFORE NOT BE AMENABLE TO PL 480 AGREEMENT INCLUDING UMR  
WITH NO TIE TO U.S. PROCUREMENT.

4. THE THAI CONSIDER INDONESIA ONE OF THEIR MOST PROMISING  
MARKETS FOR ADDITIONAL RICE SALES THIS YEAR AND WILL  
PREDICTABLY REACT STRENUOUSLY AND STRONGLY PROTEST ANY PL 480  
SALES. WE MUST, THEREFORE, CAREFULLY BALANCE THE ASPIRATIONS  
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OF U.S. RICE EXPORTERS AGAINST OUR CONTINUING INTEREST IN

THIS COUNTRY, PARTICULARLY IN THE DIFFICULT MONTHS IMMEDIATELY AHEAD WHEN WE ARE COMPLETING WITHDRAWAL OF U.S. COMBAT FORCES AND NEGOTIATING FOR A RESIDUAL PRESENCE. WE SHOULD BE ESPECIALLY CAREFUL NOT TO ADVERSELY AFFECT THE FORTHCOMING NEGOTIATIONS BETWEEN THE RTG AND INDONESIA ON THE ADDITIONAL 100,000 METRIC TON SALE. IT WOULD ALSO BE UNFORTUNATE IF A PL 480 SALE BECAME PUBLIC KNOWLEDGE DURING THE ELECTION CAMPAIGN PRECEDING THE APRIL 4 ELECTION. PL 480 RICE SALES COULD EASILY BECOME AN ANTI-AMERICAN ELECTION ISSUE.

5. GOI RELUCTANCE TO ACCEPT PL 480 RICE (REF B) MAY, OF COURSE, MAKE THE PROBLEM ACADEMIC. WE WOULD APPRECIATE BEING KEPT INFORMED. ALTERNATIVELY, RICE SALES TO INDONESIA UNDER CCC CREDITS APPEARS UNREALISTIC BECAUSE THAILAND WILL BE ABLE TO UNDERBID ANY AMERICAN OFFER. IN ANY CASE, U.S. GOVERNMENT-ASSISTED RICE SALES IN INDONESIA WILL BE EXTREMELY UNPOPULAR IN THAILAND AND PARTICULARLY SO AT THIS TIME. WE PREFER NOT TO DISCUSS THE MATTER WITH THE RTG AT THIS TIME, AND THEREBY TRIGGER THE CERTAIN HIGHLY NEGATIVE THAI REACTION, UNLESS WE DEFINITELY PLAN TO PROCEED. WHITEHOUSE

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